

Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 NSAE-00 NSCE-00

SSO-00 USIE-00 INRE-00 CAB-02 COME-00 DOTE-00 INR-07

RSC-01 FAA-00 L-02 SS-15 NSC-05 PRS-01 PA-01 /054 R

DRAFTED BY EB/TT:JSMEADOWS:EW

APPROVED BY EB:JLKATZ

EUR/WE:EJBEIGEL

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O 272330Z DEC 74

FM SECSTATE WASHDC

TO AMEMBASSY THE HAGUE IMMEDIATE

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E.O. 11652:N/A

TAGS: EWWT, NL

SUBJECT: CIVAIR: KLM SCHEDULE FILING

1. DUTCH AMBASSADOR CAME IN TODAY TO SEE ACTING ASSISTANT SECRETARY KATZ REGARDING CAB ORDER REQUIRING KLM TO FILE ITS SCHEDULE. THE AMBASSADOR TRACED THE HISTORY OF THE CAB ORDER LEADING TO THE COURT STAY AND SUBSEQUENTLY THE COURT LIFTING OF THE STAY. DURING THE SECRETARY'S MEETING WITH FOREIGN MINISTER, SECRETARY HAD INDICATED THAT US WOULD TAKE NO UNILATERAL ACTION PENDING FURTHER NEGOTIATIONS. GON HAD INTERPRETED THIS TO INCLUDE CAB ORDER. GON NOW CONCERNED TO LEARN THAT KLM HAS RECEIVED CAB TELEGRAM ORDERING KLM TO FILE SCHEDULES BY COB DECEMBER 27 OR THE MATTER WOULD BE TURNED OVER TO CAB BUREAU OF ENFORCEMENT. AMBASSADOR HOPED DEPARTMENT COULD INTERVENE AND HAVE CAB ORDER CANCELLED.

2. KATZ EXPRESSED SURPRISE AT AMBASSADOR'S PRESENTATION

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BECAUSE IT WAS WELL-KNOWN THAT CAB ORDER WAS PROCEDURAL

IN NATURE AND HAD NO PRACTICAL EFFECT ON KLM'S OPERATIONS. MOREOVER, CAB ACTION WAS BY LAW COMPLETELY WITHIN CAB COMPETENCE AND NOT SUBJECT TO REVIEW EVEN BY THE PRESIDENT. IT WAS CLEAR THAT SECOND STEP OF PART 213,

WHICH COULD AFFECT KLM'S OPERATIONS, REQUIRED PRESIDENTIAL APPROVAL AND IN THIS EVENT DEPARTMENT COULD PLAY ROLE. SECRETARY'S COMMITMENT WAS DIRECTED TO THIS SECOND STEP WHICH IS ONLY ONE WHICH COULD ACTUALLY AFFECT KLM'S OPERATIONS.

3. AMBASSADOR RESPONDED THE DUTCH HAD INTERPRETED NO UNILATERAL ACTION LANGUAGE MUCH MORE STRICTLY. IT WOULD BE DIFFICULT TO EXPLAIN TO DUTCH PUBLIC THAT THERE WERE EXCEPTIONS TO THIS COMMITMENT.

4. KATZ HOPED KLM WOULD NOT PUSH THIS SCHEDULE FILING ISSUE SO AS TO INVOLVE GOVERNMENTS IN STILL ANOTHER CONTROVERSY. USG UNDERSTOOD VERY WELL DUTCH PREOCCUPATION WITH KLM FORTUNES. HOWEVER, IF KLM MADE THIS AN ISSUE IT WOULD MAKE IT MORE DIFFICULT FOR GOVERNMENTS TO MOVE AHEAD TO FIND A MUTUALLY ACCEPTABLE SOLUTION TO THE MUCH MORE IMPORTANT CAPACITY QUESTION. IF KLM REFUSED TO COMPLY WITH THE CAB ORDER THE MATTER WOULD BE SUBJECT TO ENFORCEMENT ACTION AND POSSIBLY END UP IN THE COURTS.

5. AMBASSADOR OBSERVED THAT IF MATTER ACTUALLY GOT TO POINT OF LEVYING FINES PERHAPS THE DEPARTMENT COULD INTERVENE WITH THE CAB TO URGE RESTRAINT.

6. DISCUSSION TURNED BRIEFLY TO NEGOTIATING PROSPECTS. KATZ EXPRESSED HOPE THAT IN FORTHCOMING ROUNDS DUTCH WOULD BE PREPARED TO MAKE MEANINGFUL CONCESSIONS. AMBASSADOR SAID DUTCH HAD ALREADY MADE SUBSTANTIAL CONCESSION BY OFFERING TO FREEZE CAPACITY FOR THE NEXT THREE YEARS. IF US PROBLEM WAS WITH OVERALL REDUCTION OF CAPACITY IN THE NORTH ATLANTIC, THE PROBLEM SHOULD BE DEALT WITH ON A MULTILATERAL RATHER THAN A BILATERAL BASIS. KATZ EMPHASIZED THAT USG COULD NOT STAND IDLY BY, GIVEN EXCESS CAPACITY POSITION, AND ALLOW A GREAT LIMITED OFFICIAL USE

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AIRLINE LIKE PANAM TO GO BANKRUPT WITHOUT DOING EVERYTHING POSSIBLE TO ASSIST.

7. IN DISCUSSING RESUMPTION OF NEGOTIATIONS, SOME CONFUSION DEVELOPED ON ROLE OF AIRLINE TALKS. APPARENTLY US NOTES OF SECRETARY/FOREIGN MINISTER MEETING REFERRED TO POSSIBILITY HAVING AIRLINES GET TOGETHER WHILE DUTCH

NOTES DID NOT. EMBASSY REQUESTED TO CONFIRM WITH GON
THAT AIRLINE TALKS DESIRED AND THAT KLM PREPARED TO MEET
SOON. IF THIS IS CASE, WE WILL REQUEST PANAM TO MAKE
ARRANGEMENTS WITH KLM DIRECTLY. BROWN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AIR SCHEDULES, AVIATION REGULATIONS, AIRSPACE VIOLATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 27 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE282820
Document Source: CORE
Document Unique ID: 00
Drafter: JSMEADOWS:EW
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740376-0475
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974127/aaaaafjs.tel
Line Count: 119
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 28 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 MAY 2002 by ifshinsr>; APPROVED <20 MAR 2003 by ShawDG>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIVAIR: KLM SCHEDULE FILING
TAGS: EAIR, NL, CAB, KLM
To: THE HAGUE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005